

CALIFORNIA ENERGY COMMISSION

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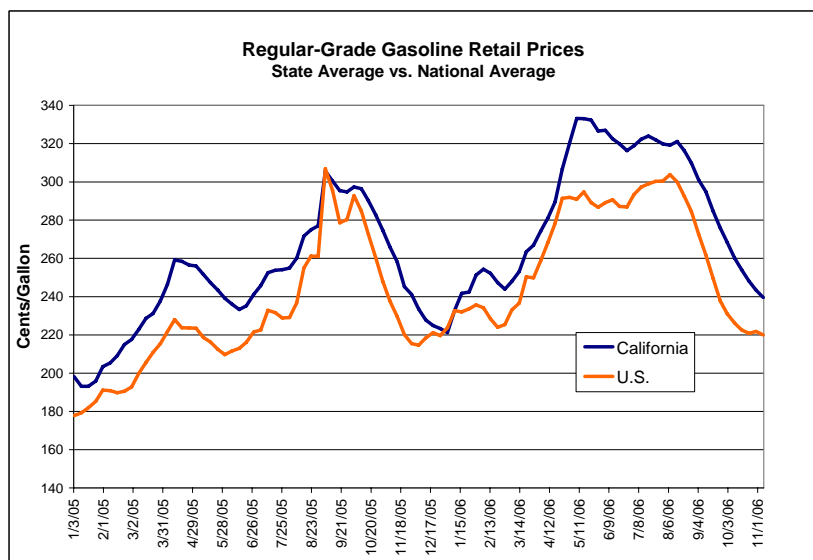
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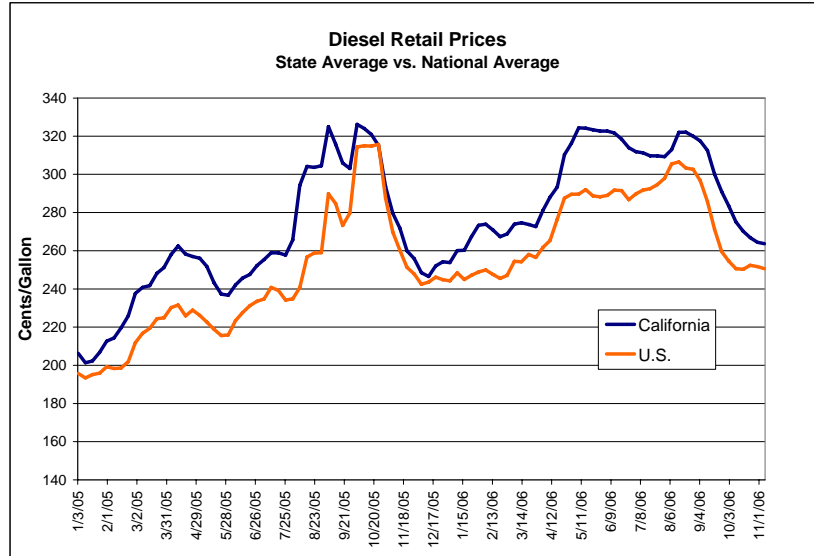
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**Petroleum Watch****November 9, 2006*****Retail Gasoline and Diesel Prices on November 6***

- For the 12th consecutive week, California gasoline prices have fallen. The average statewide **retail price for regular-grade gasoline** dropped 4 cents to \$2.40 per gallon, 93 cents less than the record high of \$3.33 on May 8.ⁱ
- The difference between California and U.S. retail gasoline prices declined 2 cents to 20 cents per gallon. U.S. prices fell to \$2.20 per gallon, 2 cents less than last week and 84 cents less than on August 7.



- The average California **retail diesel price** fell by 1 cent from the previous week to \$2.64 per gallon. At the same time, the U.S. retail diesel price fell 1 cent per gallon, maintaining the difference between California and U.S. prices at 13 cents per gallon.

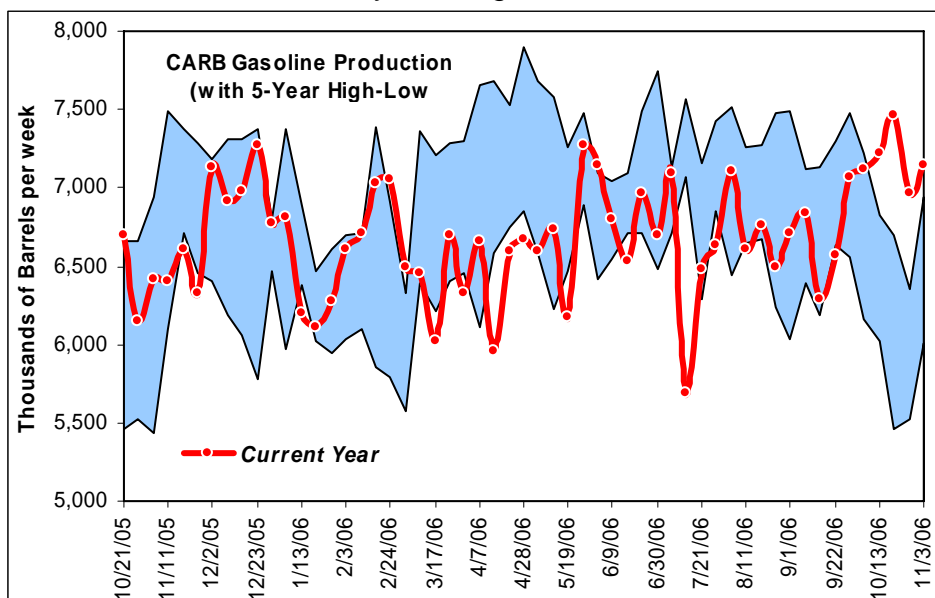


Wholesale Gasoline and Diesel Prices on November 7

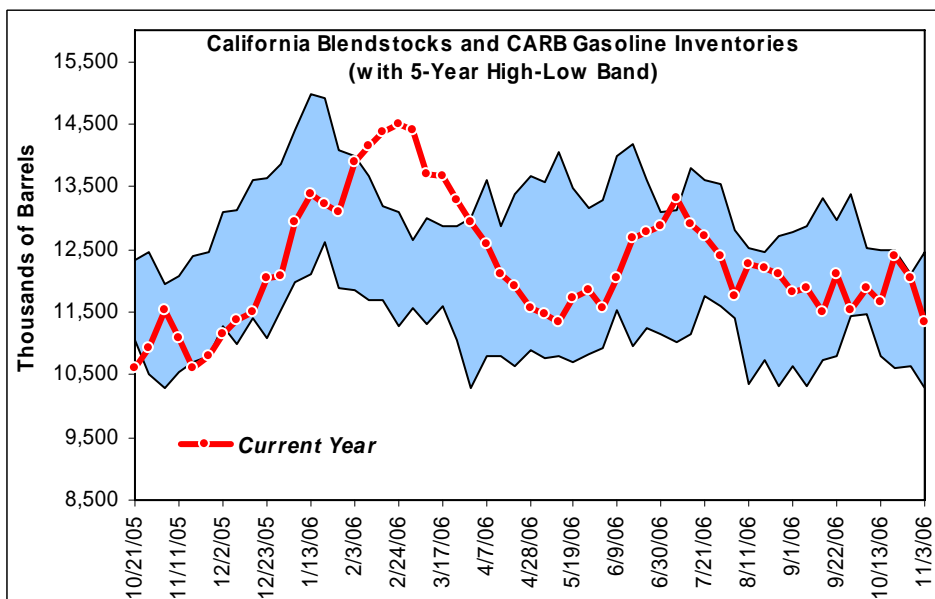
- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) increased 19 cents over the last week to \$1.80 per gallon. Prices are \$1.17 lower than the record high of \$2.97 on May 2 and 24 cents more than the 2006 low of \$1.56 on February 14.
- This fall's refinery maintenance season has reduced California diesel production and lowered gasoline and diesel inventory levels. Along with higher fuel prices elsewhere in the country, these factors raised wholesale gasoline and diesel prices in California last week.
- Spot prices for RBOB in Los Angeles are 29 cents higher than New York Harbor and 26 cents more than the Gulf Coast, approximately double last week's differences.
- California spot **wholesale ultra low-sulfur diesel prices** increased to \$1.83 per gallon this week, 9 cents more than the 2006 low of \$1.74 on February 15, and 85 cents lower than the record high of \$2.68 on May 3.
- California wholesale ultra low-sulfur diesel prices are 11 cents per gallon more than New York Harbor and 9 cents more than the Gulf Coast, compared to 9 cents and 14 cents more, respectively, on October 31.
- California gasoline ended the reporting week at 3 cents less than California diesel, compared to 19 cents less on October 31.
- The Energy Information Administration (EIA) weekly assessment for November 3 reports that **U.S. gasoline demand** decreased 2.6 percent from the previous week, while distillate demand decreased 4.9 percent. The four-week average demand for gasoline is 9.39 million barrels per day, 3.7 percent more than last year's four-week average. The four-week average for U.S. distillate demand is 4.44 million barrels per day, 7.9 percent more than last year. However, last year's U.S. fuel demand levels were still unusually low because of the impacts of Hurricanes Katrina and Rita.

Refinery Production and Inventories

- Reformulated gasoline production in California for the week ending November 3 increased 2.5 percent from the previous week to 7.14 million barrels. Production levels remain well above the five-year range.ⁱⁱ

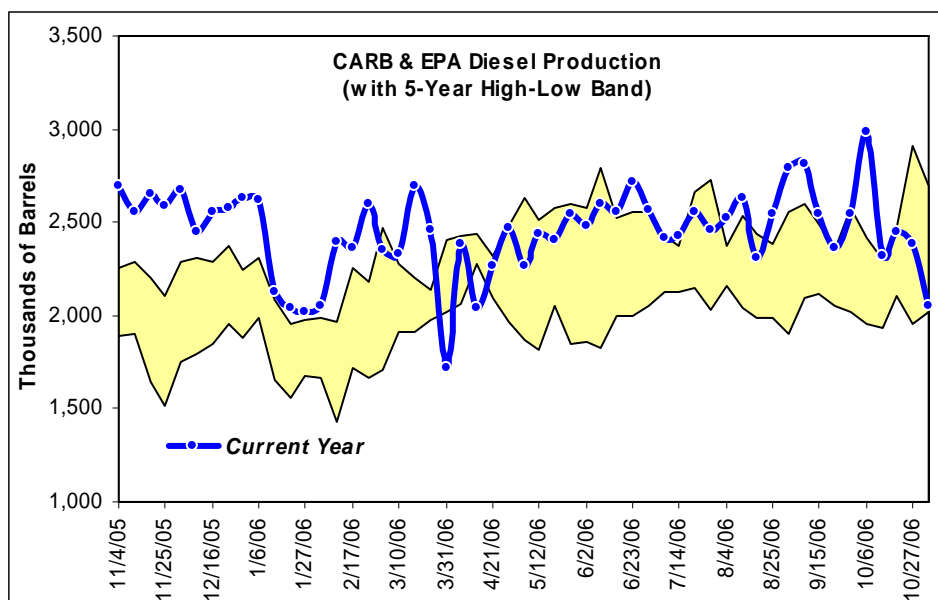


- California reformulated gasoline inventories decreased by 4.1 percent, and gasoline blendstock inventories fell by 7.0 percent during the last week. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **decreased by 5.7 percent** to 11.35 million barrels, falling to the middle of the five-year range.

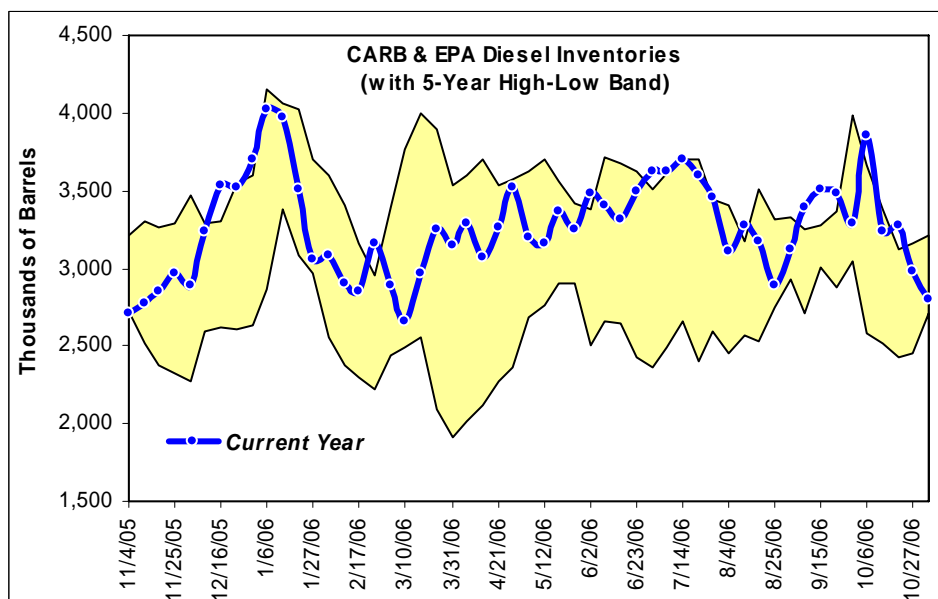


- U.S. gasoline inventories dropped 584,000 barrels to 204 million barrels as of November 3. Inventories declined on the Gulf, East, and West Coasts.

- California **ultra low-sulfur diesel production** during the week ending November 3, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, decreased by 14 percent from the previous week to 2.05 million barrels. Output is 24.1 percent less than year-ago levels and has fallen to the lower end of the five-year range for the first time since April.

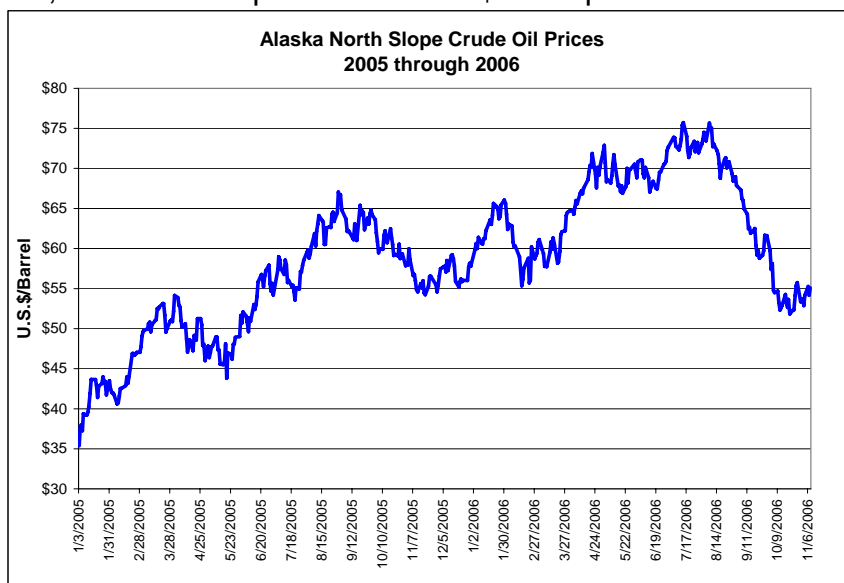


- Combined **ultra low-sulfur diesel inventories** in California decreased by 5.8 percent from the previous week to 2.80 million barrels and are near the bottom of the five-year range. Total U.S. distillate inventories as of November 3 dropped to 138.6 million barrels, 2.7 million barrels less than the previous week. While East Coast distillate inventories grew, they declined on the Gulf and West Coasts.



Crude Oil Prices and Inventories

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, rose slightly over the past week as OPEC member countries began announcing contributions to the recent OPEC production cut of 1.2 million barrel per day and the Saudi oil minister suggested that additional cuts might be made in December. In Nigeria, a leader of the Ijaw, a minority community in Nigeria, warned that failure to address social issues in the oil rich Niger Delta could lead to more oil facility disruptions. Three days later an armed protest closed a flow station in the region, reducing output by about 50,000 barrels per day. These factors, combined with cold weather in the Northeast and lower petroleum imports to the United States, caused ANS prices to rise to \$55.08 per barrel on November 8.ⁱⁱⁱ



- U.S. commercial crude oil inventories as of November 3 rose slightly by 435,000 barrels to 334.7 million barrels. Stocks are 11.1 million barrels higher than last year and 32.8 million higher than the five-year average. California crude oil stocks grew 5 percent from the previous week to 16.07 million barrels.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information is from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*.